

Exhibit No.:
Issue: Fuel Costs and PISA Deferral
Witness: Darrin R. Ives
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Evergy Missouri West
Case Nos.: ER-2023-0210
Date Testimony Prepared: May 31, 2023

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2023-0210

SURREBUTTAL TESTIMONY

OF

DARRIN R. IVES

ON BEHALF OF

EVERGY MISSOURI WEST

Kansas City, Missouri

May 2023

SURREBUTTAL TESTIMONY

OF

DARRIN R. IVES

Case No. ER-2023-0210

1 **Q: Please state your name and business address.**

2 A: My name is Darrin R. Ives. My business address is 1200 Main, Kansas City, Missouri
3 64105.

4 **Q: Are you the same Darrin R. Ives who submitted direct testimony in this docket on**
5 **December 30, 2022 and rebuttal testimony on May 15, 2023?**

6 A: Yes.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of Evergy Missouri West, Inc. d/b/a Evergy Missouri West
9 (“EMW” or the “Company”).

10 **PURPOSE OF TESTIMONY AND RESPONSE TO STAFF AND OPC**

11 **Q: What is the purpose of your surrebuttal testimony?**

12 A: The purpose of my surrebuttal testimony is to respond to the rebuttal testimonies filed on
13 May 15, 2023 by Staff witnesses Karen Lyons and Brooke Mastrogiannis.

14 **RESPONSE TO STAFF WITNESS KAREN LYONS AND BROOKE MASTROGIANNIS**

15 **Q: Do you agree with Staff’s position in this case?**

16 A: Yes. Evergy agrees with Staff’s recommendation as contained in Ms. Mastrogiannis’
17 rebuttal testimony where she states: “Staff recommends approval of Evergy Missouri
18 West’s proposed tariff sheet, which includes deferral of \$47.9 million of non-extraordinary

1 costs to a PISA regulatory asset account for consideration in a future general rate
2 proceeding.” (Mastrogiannis Rebuttal, p. 6.)

3 **Q: On p. 2 of her rebuttal testimony, Staff witness Karen Lyons argues that OPC’s**
4 **AAO request is not conceptually appropriate because the fuel costs are ordinary**
5 **and ongoing costs of utility business. Do you agree with Ms. Lyons on this point?**

6 **A** Yes. I made the same point in my rebuttal testimony. The fuel and purchased power
7 costs in this case are not unusual in nature and infrequent in occurrence. While these
8 costs were higher than historical levels, these costs are ordinary and ongoing costs of the
9 utility, and were driven by the exact macroeconomic market conditions that the FAC is
10 designed to address.

11 **Q: On page 2 of Ms. Lyons’ rebuttal testimony, she recommends the Commission deny**
12 **the OPC’s recommendation for an AAO. Do you agree with Staff’s recommendation**
13 **on this point?**

14 **A:** Yes. Evergy believes the Commission should deny OPC’s recommendation for an
15 AAO since these costs are not extraordinary, and do not meet the definition of costs that
16 historically have been deferred to an AAO.

17 In addition, if adopted, OPC’s position increases intergenerational inequity by
18 increasing the amount of ANEC that are deferred. Current customers, who benefited from
19 the electrical service that utilized the AP 31 fuel and purchased power costs, should pay
20 for these costs through the FAC, in line with the fundamental design of the FAC. OPC
21 proposes that \$85 million of ANECs be deferred to an AAO instead of the \$47.8 million
22 PISA deferral of these costs required under the PISA statute and recommended by the
23 Company and Staff. This means that future new customers who did not receive electrical

1 service during AP 31 will be paying for a larger amount of ANEC under OPC's proposal.
2 This is another shortcoming of OPC's proposal that warrants rejection of the OPC proposal
3 by the Commission.

4 **Q: On pages 3-4 of Ms. Mastrogiannis' rebuttal testimony, she discusses the appropriate**
5 **treatment of the fuel and purchased power costs in this case under the PISA statutes.**
6 **Do you agree with her that these fuel and purchased power costs should be treated**
7 **according to the mandates of the PISA statutes?**

8 A: Yes. I believe Staff's position is consistent with the mandates of the PISA statute. On the
9 other hand, OPC's position is an attempt to by-pass the PISA statute, and instead
10 recommends an alternative approach which is totally inconsistent with the mandates of the
11 PISA statute. OPC's approach must be rejected since the PISA statutes control the
12 treatment of these costs under the circumstances of this case.

13 **Q: On page 7 of Ms. Mastrogiannis' rebuttal testimony, she states that if the**
14 **Commission determines some portion of the AP31 costs are extraordinary, it would**
15 **be reasonable to defer those costs to an AAO as Ms. Mantle recommended. Do you**
16 **agree?**

17 A: No. Evergy does not believe that there is a basis for finding the fuel and purchased power
18 costs in this case are extraordinary, and subject to deferral to a regulatory asset.

19 **Q: Does Ms. Mastrogiannis recognize that the PISA statutes limit the amount that**
20 **EMW may recover under the FAC?**

21 A: Yes. Ms. Mastrogiannis recognizes that the Company is only allowed to recover
22 \$56,277,078 in the FAC. I agree with her on this point, but she suggests that the remainder
23 of \$47,898,201 could be deferred to an AAO in the event the Commission finds some of

1 the costs incurred in AP31 to be extraordinary. I disagree that this suggestion would be an
2 appropriate treatment of these costs and would refer to my rebuttal testimony and the
3 testimony of Staff witness Lyons as to why the AP31 costs do not meet the Commission's
4 threshold for deferral under the standards historically utilized. It would also be contrary to
5 the PISA statutes as it would deny the Company protection the legislature provided from
6 the impacts of market fluctuations in fuel and purchased power that are outside of the
7 Company's control.

8 **Q: On p. 7 of her rebuttal testimony, Staff witness Brooke Mastrogiannis noted that**
9 **OPC's suggested recovery through the FAC in an amount of \$18,755,192 is not near**
10 **the level of the any of the AP29, AP30 or AP31 costs. Do you agree with Ms.**
11 **Mastrogiannis?**

12 A: Yes. In this case, the proposed FAR rates were contested by OPC, and this OPC filing
13 placed all amounts of Evergy West's proposal greater than \$18,755,192 in question. The
14 Commission directed EMW to file tariff sheets to implement proposed interim FAR rates
15 in the amount that is not now in question as allowed by Commission Rule 20 CSR 4240-
16 20.090(8)(H)3 until the Commission approves new Fuel Adjustment Rates. See *Order*
17 *Regarding Interim Fuel and Purchased Power Adjustment Rates*, File No. ER-2023-0210
18 (April 12, 2023).

19 I want to bring to the Commission's attention the unfortunate result in this case of
20 the automatic application of the Commission's rule, 20 CSR 4240-20.090(8)(H). This
21 automatic application resulted in the Commission authorizing only \$18 million on an
22 interim basis in this case. It is unreasonable to allow parties in FAR proceedings to contest
23 the interim amount filed by the public utility by asserting wildly inappropriate positions,

1 as Public Counsel has done in this case, and then arguing that the only amount that may be
2 permitted on interim basis is the “undisputed amount.” Such a practice can exacerbate the
3 fluctuations in the FARs that are charged to consumers, and make it appear that such costs
4 are wildly fluctuating from period to period. This is not a good outcome from the
5 perspective of the Company’s customers.

6 In the future, the Commission should consider reviewing such cases by applying
7 standards that requires a finding that the requested interim amount must have a substantial
8 likelihood of being approved on the merits, and not just a standard that there is an
9 “undisputed amount” among the parties. The latter standard allows an opposing party to
10 arbitrarily limit the amount of the interim increase when there is no substantial likelihood
11 that the interim increase proposed by that party will be adopted at the end of the case.

12 **Q: Does this conclude your testimony?**

13 **A:** Yes.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Evergy)	
Missouri West for Authority to Implement)	
Rate Adjustments Required by)	Case No. ER-2023-0210
20 CSR 4240-20.090(8) and the Company's)	
Approved Fuel and Purchased Power Cost)	
Recovery Mechanism)	

AFFIDAVIT OF DARRIN R. IVES


STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Darrin R. Ives, being first duly sworn on his oath, states:

1. My name is Darrin R. Ives. I work in Kansas City, Missouri, and I am employed by Evergy as Vice President – Regulatory Affairs.

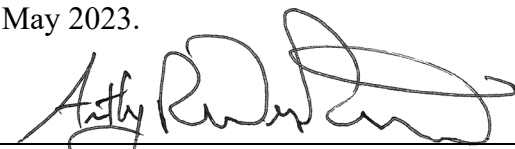
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Evergy Missouri West consisting of five (5) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Darrin R. Ives

Subscribed and sworn before me this 31st day of May 2023.



Notary Public

My commission expires: 4/26/2025

